

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 859 - SB 941**

March 11, 2019

**SUMMARY OF BILL:** Establishes within the Department of Economic and Community Development (ECD), the Office of Apprenticeship and Work-Study Programs (Office). Requires the Commissioner of ECD to appoint a Director of the Office, in consultation with the Tennessee Higher Education Commission (THEC), the Tennessee Board of Regents (TBR), the Department of Education (DOE), and the Department of Labor and Workforce Development (DLWD).

The staff of the Office must be appointed by the Director of the Office, subject to joint approval of the Executive Director of THEC and the Commissioner of ECD.

Requires the Office to:

- Promote federally-certified apprenticeship and work-study programs to assist industries that have needs for such programs, either through traditional apprenticeship programs administered by the Department or work-study programs administered by the Department of Education;
- Establish industry consortiums in which the apprenticeship and work-study programs are organized by industry and where companies can participate to best meet their individual needs;
- Maintain complete and consistent program data;
- Employ such personnel as may be necessary to implement and administer such programs, with expenses to be paid from funding received; and
- Perform other functions and duties as necessary for the administration of apprenticeship and work-study programs.

Establishes that the activities and expenses of the Office may be jointly funded by the participating industries through a fee in an amount determined by ECD rules, albeit enough to fund the expenses incurred by the Office. Authorizes the Office to seek any available grants and other sources of funding. Requires the Office to work in conjunction with the Division of Regulatory Boards (Division) of the Department of Commerce and Insurance (DCI). Requires the Comptroller of the Treasury to audit the Office.

Requires each board under the Division to annually submit a report on the status an apprenticeship program to the Speaker of the Senate, the Speaker of the House of Representatives, the Government Operations Committees of the Senate and House of Representatives, the Commissioner of the DCI, the Commissioner of the Department of Health, and the Commissioner of the DLWD.

## **ESTIMATED FISCAL IMPACT:**

### **Increase State Revenue –**

**Exceeds \$253,300/FY19-20/Office of Apprenticeship**

**Exceeds \$243,300/FY20-21 and Subsequent Years/Office of  
Apprenticeship**

### **Increase State Expenditures –**

**\$253,300/FY19-20/Office of Apprenticeship**

**\$243,300/FY20-21 and Subsequent Years/Office of  
Apprenticeship**

### **Assumptions:**

- According to the ECD, the Office will require two new positions, one program director and one program manager.
- A recurring increase in state expenditures of \$243,282 {[((\$100,000 salary + \$23,166 benefits) x one program director position) + [(\$75,000 salary + \$19,016 benefits) x one program manager position] + (\$20,000 travel + \$5,000 printing/supplies + \$1,100 communication)}.
- A one-time increase in state expenditures of \$10,000 for computer and other equipment-related costs.
- The total increase in state expenditures for the Office in FY19-20 is estimated to be \$253,282 (\$243,282 + \$10,000).
- The recurring increase in state expenditures for the Office beginning in FY20-21 is estimated to be \$243,282.
- This legislation authorizes the Office to establish a fee to offset the costs incurred by the Office in administration of the aforementioned programs, as well as seek any available grants and other funding for this purpose.
- It is assumed that the fee levied by the Office plus any additional funding received by the Office will be sufficient to offset the all costs incurred by the Office.
- An increase in state revenue to the Office of at least \$253,282 in FY19-20.
- A recurring increase in state revenue to the Office of at least \$243,282 beginning in FY20-21.
- Based on information provided by the DCI, each board can submit the annual report as required by this legislation, utilizing existing resources.

## **IMPACT TO COMMERCE:**

### **Increase Business Expenditures –**

**Exceeds \$253,300/FY19-20**

**Exceeds \$243,300/FY20-21 and Subsequent Years**

### **Jobs Impact - Unknown**

#### **Assumptions:**

- An increase in business expenditures of at least \$253,282 in FY19-20 and a recurring increase in business expenditures of at least 243,282 in FY20-21 and subsequent years.
- To the extent businesses pay fees that would have otherwise been used to pay wages; there could be a reduction in jobs in Tennessee. However, to the extent the programs operated by the Office results in new jobs in Tennessee, any possible reductions of jobs could be offset, perhaps to the greater good of Tennessee. Any net impact on jobs in Tennessee cannot be reasonably determined.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

/jdb